

A Partnership to Transform Public Housing

Virginia Housing Development Authority

Rental Housing: Preservation and Rehabilitation

HFA Staff Contact

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2019 NCSHA

Award Submission

ENTRY NAME:

A Partnership to Transform Public Housing

ENTRY CATEGORY:

**Rental Housing
Preservation and Rehabilitation**

**Virginia Housing Development Authority
A Partnership to Transform Public Housing**

“By engaging in a jointly sponsored needs assessment and an ongoing planning dialogue, VHDA and VAHCDO continue to work together to chart a path to transform public housing in Virginia into a sustainable affordable rental housing resource.”

*Philip Page, Jr., President
Virginia Association of Housing and
Community Development Officials (VAHCDO)*

Background

The combination of aging public housing stock, inadequate federal funding to support the current public housing portfolio, and the conversion of public housing stock to the Rental Assistance Demonstration (RAD) program is having a significant impact on Virginia’s public housing and the communities they serve. Accordingly, VHDA and the state’s public housing authorities – through the Virginia Association of Housing and Community Development Officials (VAHCDO) – have created a partnership to jointly plan for how these changes will affect Virginia’s public housing while collaborating on action steps to support a sustainable affordable rental housing network and vibrant communities.

This history of collaboration includes the creation of a special public housing pool within the state’s LIHTC Program and the provision of capacity building grants to strengthen local housing authorities. This joint partnership yielded a joint needs assessment survey in 2015 for public housing transformation as part of HUD’s RAD initiative. The survey has enabled both VHDA and VAHCDO to gauge the magnitude of the challenges facing public housing transformation in order to better plan for the effective utilization of limited housing resources.

We are in the midst of updating the survey information in April 2019 and will use the results to assess and plan for the capital needs for public housing transformation and better predict project timing. This updated survey (attached) has also been designed to provide higher level information beyond just RAD. It creates a profile of each PHA’s total public housing inventory; the extent to which revitalization, if any, has already taken place; and the total anticipated capital needs required to support the redevelopment of their portfolio.

Why/When it was Undertaken

Public housing is significantly undercapitalized and represents a growing challenge for state and local governments due to federal retrenchment. Consequently, HUD estimates a backlog as much as \$52 billion in capital needs funding for our nation’s approximately 1.2 million units of public housing (or an average of \$43,000 per unit in unmet capital needs). Public housing provides approximately 16,000 units of deeply subsidized rental housing units in Virginia which are owned and managed by local redevelopment and housing authorities. It is estimated that the current capital fund backlog exceeds \$450 million for Virginia’s inventory.

HUD’s Rental Assistance Demonstration (RAD) initiative is a recent example of HUD efforts to create a more sustainable platform for public housing intended to better facilitate debt for public housing revitalization. RAD transforms public housing from the current platform to one centered on project-based voucher/rental assistance without any significant increase in funding to address the existing capital backlog. Although originally presented by HUD as an opportunity to better utilize the 4% LIHTC program, it has become increasingly clear that RAD has significant implications for the highly competitive 9% program.

In early 2015, VHDA and the Virginia Association of Housing and Community Development Officials (VAHCDO) created a partnership to determine opportunities for collaboration with local housing authorities to address public housing capital needs and facilitate transition to the RAD platform. The VHDA/VAHCDO partnership conducted an initial survey of housing authorities to determine their plans for public housing transition and the potential impact on affordable housing resources. The results from this survey, combined with ongoing dialogue by the VHDA/VAHCDO working group, provided an important framework for planning the future of public housing in the Commonwealth.

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Virginia's PHAs continue to look to RAD and other similar options to transform their portfolios, with VHDA providing technical and financial assistance to support these efforts. As a better understanding of RAD has evolved, as well as an increase in the federal cap, VHDA and VAHCDO felt it was important to update the original survey to help forecast the expected needs as well as to capture other characteristics of the public housing inventory. This update is currently underway.

Further, the Virginia Housing Commission, established by Virginia's legislative branch to study and provide recommendations to ensure and foster the availability of safe, sound and affordable housing for every Virginian, has been interested in better understanding current situations relative to public housing in Virginia. VHDA and VAHCDO both have presented recently to the Commission on the state of public housing, and this updated survey data will be critical in illustrating the challenges facing Virginia's PHAs.

What VHDA has accomplished

This initiative initially identified the magnitude of the challenge of how to recapitalize an aging portfolio at a time when HUD faces serious funding challenges. VHDA opened a dialogue with VAHCDO to discuss each other's program constraints, as well as the assets each could bring to various public housing transformation scenarios. Working with VAHCDO, VHDA identified the universe of PHAs in Virginia with existing public housing portfolios, including those in the process of transitioning into RAD. VHDA developed a needs assessment survey which was designed to be easy to distribute and readily generate necessary responses. VAHCDO continued to engage its members to respond and ultimately the survey achieved a 95% participation rate reflecting more than 99% of the public housing units in Virginia. Results indicated the rising tide of demand for the 9% LIHTC program despite early HUD indications that anticipated RAD would most heavily impact the more underutilized 4% program.

The LIHTC PHA pool since its inception in 1998 has supported the transformation of more than 4,000 public housing units in Virginia. Building on this success and the planning partnership with VAHCDO, VHDA is currently helping to transform more than 1,000 additional public housing units, with more anticipated. Furthermore, VHDA has developed a financing strategy for RAD projects that helps to mitigate the risk associated with the mandatory HUD regulatory agreement. Finally, VHDA has made public housing transformation a strategic priority and has allocated significant funding to provide subsidized, flexible lending for these projects. Through these efforts, VHDA is developing strategies intended to help manage the potential tremendous pressure posed by public housing transformation on existing housing finance and grant programs.

Why it is Meritorious and Meets NCSHA Award Judging Criteria

Innovative

This partnership initiative utilizes a collaborative process at the state level to facilitate the necessary planning and implementation elements to address a serious challenge facing communities across the nation. It builds on the existing LIHTC PHA pool and the network of local PHAs convened through the state affiliate of the National Association of Housing and Redevelopment Officials (NAHRO).

Replicable

Any HFA with responsibility for the LIHTC QAP and access to a state NAHRO affiliate organization can replicate this partnership effort.

Responds to an important state housing need

When Virginia Governor Ralph Northam signed Executive Order 25 at the Governor's Housing Conference in November 2018, it established a set of affordable housing priorities aimed at addressing Virginia's unmet housing needs. VHDA's partnership with VAHCDO and local PHA's to fund and preserve affordable rental housing for some of Virginia's most vulnerable residents directly supports the second priority in EO 25 – addressing the shortage of quality affordable housing in the state. The issue is also of concern to the Virginia Housing Commission and VHDA is keeping the commission informed of our efforts with VAHCDO to address pressing housing issues in the state.

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Demonstrates measurable benefits to HFA targeted customers

VHDA has not only transformed more than 1,000 units of affordable rental housing; it is transforming the units and rental communities to the authority's high standards of Minimum Design and Construction Requirements. Preservation improvements include energy efficient appliances and HVAC systems, domestic water conservation, sustainable finishes, and best management practices for drainage and water mitigation in and around the buildings. These conservation and sustainability steps lower property operating costs, provide healthier resident environments, and economize the use of project based rental assistance while sustaining this important affordable housing resource.

Proven track record of success in the market place

Several Virginia PHAs along with VAHCDO have been serving the affordable housing needs of the Commonwealth for over 75 years. The PHA tax credit pool has been functioning for 22 years, and the demonstration projects with a small PHA using a mixed-finance model and LIHTC has proven successful with the project meeting its debt obligations.

Benefits that outweigh the costs

This partnership supports deeply subsidized rental units in locally viable communities when funding for such efforts is extremely limited.

Demonstrates effective use of resources

The 9% LIHTC program is an extremely limited resource. This partnership provides an opportunity to enhance the use of 4% LIHTC, which is generally much more readily available to support affordable housing.

Effectively employs partnerships

VHDA and VAHCDO and its membership have enjoyed a long history of successful partnerships which includes statewide and local planning on affordable housing and redevelopment issues as well as collaboration on specific local redevelopment and housing projects and training opportunities.

Achieves strategic objectives

The VHDA-VAHCDO partnership helps meet one of the primary objectives of VHDA's Strategic Plan – *“Addressing State Housing Needs and Partnering with the Housing Delivery Network”* (Strategic Goal #1). The action items under this goal include *“Preserving and Strengthening the Housing Delivery Network”* and *“Using VHDA Resources to Leverage State Housing Initiatives.”* (see attachment)

Conclusion

The issue of public housing sustainability and transformation is one of importance to every state in the nation, and impacts localities ranging from rural to urban communities. VHDA's engagement with VAHCDO shows the ability of a state housing finance agency to help facilitate a response to a pressing housing issue in an environment in which federal funding continues to decline.

As a result of this partnership between VHDA and VAHCDO, more than 1,000 units of deeply subsidized affordable rental housing have been preserved for a minimum of 30 years. Working together, VHDA and VAHCDO are helping to preserve the majority of public housing units through models such as RAD to address the critical housing needs for the most difficult to serve populations in the Commonwealth.

Attachments: photos, updated survey, taking the Strategic Plan and blowing up that paragraph, and maybe take the post card we developed “The Impact of Housing for Virginia's Economy” and again take that magic magnifier glass effect and blow up 1 and 6.

Attachment 1 – Project Example
The Summit Apartment Community, Hopewell, Virginia (5 photos)



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HFA Name and Information

*** 1. PHA list**

Please select the correct name of the authority you are representing.

2. How many public housing units are currently in your portfolio?

3. Contact information for the person responding to this survey:

Name

Title

Email Address

Phone Number

4. In the space below, please provide the following information about public housing communities in your portfolio which **have involved major rehabilitation or revitalization activities during the last five (5) years (including projects currently underway)**.

- (a) the names of the public housing communities,
- (b) the number of units and
- (c) the total cost of the rehabilitation, revitalization, or redevelopment activity.

5. In the space below, please provide (a) the names of the of the public housing communities in your portfolio, (b) the number of units and (c) the estimated capital resource needs to address either the rehabilitation, revitalization, or redevelopment of the properties.

* 6. Are you currently participating in RAD?

Yes No

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RAD Units

7. How many units are you converting as a part of RAD?

8. Converted Units percent of Public Housing Total Portfolio?

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RAD Participant?

* 9. Please select the statement below which most closely represents your participation in RAD.

- We are not currently participating, but we plan to participate in the future.
- We are not currently participating and do not plan to participate in the future.
- We have completed our participation and have no plans to participate again.

10. How many units are you planning to convert as a part of RAD once you begin participation?

11. Planned converted Units percent of Public Housing Total Portfolio?

If you have previously converted units, include those in your TOTAL calculation.

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RAD Conversions

12. How many units have you converted as a part of RAD?

13. Converted Units percent of Public Housing Total Portfolio?

Include previously converted units in your TOTAL calculation.

14. If you have not and will not participate in RAD, what are the reasons and/or causes?

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Units and Costs

If you have participated or plan to participate in RAD, please answer the following:

- What do you estimate the *per unit hard cost* will be for rehab/redevelop to the unit?
- Please list the **number of units** in each appropriate category and units anticipated to be completed in each year.

15. Calendar Year 2018

Minimal (less than \$5,000 per unit)

Moderate (\$5,000 to \$50,000 per unit)

Substantial (Greater \$50,000 per unit)

16. Calendar Year 2019

Minimal (less than \$5,000 per unit)

Moderate (\$5,000 to \$50,000 per unit)

Substantial (Greater \$50,000 per unit)

17. Calendar Year 2020

Minimal (less than \$5,000 per unit)

Moderate (\$5,000 to \$50,000 per unit)

Substantial (Greater \$50,000 per unit)

18. Calendar Year 2021

Minimal (less than \$5,000 per unit)

Moderate (\$5,000 to \$50,000 per unit)

Substantial (Greater \$50,000 per unit)

Use LIHTC?

* 19. Do you plan to use Low Income Housing Tax Credits (LIHTC)?

Yes No

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LIHTC Unit Numbers

If you have or plan to use Low Income Housing Tax Credits (LIHTC), please answer the following:

- Please list the **number of units** in each appropriate category and units anticipated to be completed each year.

20. Calendar year 2018

Total Units projected for RAD seeking tax credit

Number of units seeking 4% credit

Number of units seeking 9% credit

21. Calendar year 2019

Total Units projected for RAD seeking tax credit

Number of units seeking 4% credit

Number of units seeking 9% credit

22. Calendar year 2020

Total Units projected for RAD seeking tax credit

Number of units seeking 4% credit

Number of units seeking 9% credit

23. Calendar year 2021

Total Units projected for RAD seeking tax credit

Number of units seeking 4% credit

Number of units seeking 9% credit

VHDA Financing?

* 24. Do you plan to use other VHDA financing?

Yes No

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VHDA Financing Estimate

25. What is your estimate of the total amount of other VHDA financing needed for all your planned RAD projects?